

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 EUR-12 NEA-10 ISO-00 SS-15 AID-05

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

PA-02 PRS-01 NSC-05 /109 W

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R 201105Z AUG 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 2415

USDOC WASHDC

INFO AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

UNCLAS KHARTOUM 2470

ATHENS FOR RTDO

E.O. 11652: N/A

TAGS: EINV, SU

SUBJECT: SUDAN SEEKS TO PROMOTE FOREIGN INVESTMENT

SUMMARY: GOS BEGINNING TO TAKE SEVERAL STEPS IN EFFORT TO ENCOURAGE AND FACILITATE PRIVATE INVESTMENT HERE. MOST IMPORTANT IS ESTABLISHMENT HIGH-LEVEL INTER-MINISTERIAL COMMITTEE IN OFFICE OF THE PRESIDENT WHICH WILL COORDINATE FOLLOW-UP OF ACTIVITIES ARISING OUT OF PRESIDENT NIMEIRI'S VISITS TO US AND FRANCE. OTHER STEPS HAVE BEEN TAKEN IN OTHER GOVERNMENT AGENCIES AND NATIONAL ORGANIZATIONS AS WELL. THERE INCREASING EVIDENCE THAT GOS AT ALL LEVELS IS MAKING SPECIAL EFFORT TO FACILITATE WORK OF AMERICANS WHO MAY BE INTERESTED IN INVESTING IN COUNTRY. THIS PART OF LARGER EFFORT TO STRENGTHEN RELATIONS WITH US. GOS HOPEFUL THAT, DESPITE SEVERAL DIFFICULT ECONOMIC PROBLEMS, IT CAN ATTRACT FOREIGN INVESTORS ON BASIS

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LONG-TERM ECONOMIC PROSPECTS AND THAT PRIVATE INVESTMENTS

CAN SUPPLEMENT LARGE INFLOWS OF ECONOMIC ASSISTANCE.
END SUMMARY.

1. GOS BEGINNING TO TAKE SEVERAL STEPS IN EFFORT TO ENCOURAGE AND FACILITATE FOREIGN PRIVATE INVESTMENT HERE. MOST SIGNIFICANT DEVELOPMENT HAS BEEN ESTABLISHMENT OF HIGH-LEVEL INTER-MINISTERIAL COMMITTEE ATTACHED TO OFFICE OF THE PRESIDENT WITH RESPONSIBILITY TO FOLLOW UP AND IMPLEMENT PROGRAMS RESULTING FROM PRESIDENT NIMEIRI'S RECENT VISIT TO US AND FRANCE. SPECIAL OFFICE WILL LOOK AFTER ECONOMIC, TECHNIAL AND CULTURAL RELATIONS BETWEEN SUDAN AND US AND FRANCE. OFFICE WILL BE RESPONSIBLE FOR COORDINATION AMONG GOS AGENCIES IN THEIR CONTACTS WITH US AND FRANCE, WILL FACILITATE CONTACTS BY OFFICIAL DELEGATIONS AND REPRESENTATIVES OF AMERICAN COMPANIES, AND FOLLOW UP THEIR TALKS WITH VARIOUS GOS AGENCIES. COMMITTEE WILL ALSO BE CONCERNED WITH RELATED TRAINING PROGRAMS.

2. SEVERAL OTHER STEPS HAVE ALSO BEEN TAKEN. ON JULY 27 MINISTER OF FINANCE ANNOUNCED ESTABLISHMENT OF NEW PROJECTS PREPARATION UNIT WHICH WILL CARRY OUT PROJECT ANALYSES AND PRE-INVESTMENT STUDIES ON NEW DEVELOPMENT PROJECTS IN SUDAN. UNIT WILL ALSO ASSIGN FOREIGN AND SUDANESE CONSULTING FIRMS TO PREPARE COMPLETE FEASIBILITY STUDIES. NEW OFFICE IS FUNDED BY IDA AND KUWAIT FUND AND IS BEING STAFFED INITIALLY BY WORLD BANK, UNDP AND GOS OFFICIALS.

3. BADR EL DIN SULEIMAN, MINISTER OF INDUSTRY, ANNOUNCED AT MEETING OF SUDANESE INDUSTRIES ASSOCIATION AUGUST 5 OPENING OF OFFICE IN MINISTRY OF INDUSTRY TO FACILITATE US PRIVATE INVESTMENT IN SUDAN. HE WILL PRESONALLY SUPERVISE NEW OFFICE AND SUGGESTED THAT SUDANESE INDUSTRIES ASSOCIATION OPEN SIMILAR OFFICE, WHICH WE UNDERSTAND IS BEING DONE.

4. SUNA REPORTED AUGUST 17 THAT SUDAN SOCIALIST UNION (SSU) DEVELOPMENT AND SERVICES COMMITTEE HAS FINISHED DRAFT OF "INVESTORS DIRECTORY". IT WILL BE COMPREHENSIVE SOURCE OF INFORMATION ON SUDAN GEOGRAPHY, SOCI-ECONOMIC SITUATION, AND PROCEDURES, INCENTIVES AND REGULATIONS THAT
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APPLY TO INVESTMENT IN SUDAN. DIRECTORY IS EXPECTED TO BE ISSUED IN SEVERAL WEEKS.

5. WE HAVE BEEN TOLD THERE IS INCREASING EVIDENCE THAT GOS AT ALL LEVELS IS MAKING SPECIAL EFFORT TO FACILITATE WORK OF AMERICANS WHO MAY BE INTERESTED IN INVESTING IN COUNTRY. IN ADDITION, SENIOR GOVERNMENT OFFICIALS HAVE BEEN MAKING NUMEROUS SPEECHES OR STATEMENTS TO PRESS

INDICATING IN ONE WAY OR ANOTHER THEIR INTEREST IN ENCOURAGING AND FACILITATING US INVESTMENT. THEY ACKNOWLEDGE PRIVATE FOREIGN INVESTMENT IS IMPORTANT TO ACHIEVEMENT OF SUDAN'S AMBITIOUS DEVELOPMENT GOALS.

6. COMMENT: GOS ACTIVITY IN INVESTMENT AREA IS PART OF MAJOR EFFORT UNDERWAY TO STRENGTHEN RELATIONS WITH US. IT IS CLEAR REFLECTION OF PRESIDENT NIMEIRI'S DESIRE TO OBTAIN BENEFITS OF US TECHNOLOGY AND TO APPLY US TECHNOLOGICAL AND MANAGEMENT EXPERTISE TO SUDANESE DEVELOPMENT EFFORT. SUDAN HAS TREMENDOUS POSSIBILITIES, PARTICULARLY IN AGRICULTURE AND MINERALS DEVELOPMENT. IT ALSO HAS SERIOUS SHORT-TERM FINANCIAL PROBLEMS AND VAST INFRASTRUCTURE REQUIREMENTS. NEVERTHELESS, GOS IS HOPEFUL THAT FOREIGN INVESTORS CAN BE ATTRACTED ON BASIS OF LONG-TERM ECONOMIC PROSPECTS. RECENT ACTIVITY NOTED ABOVE INDICATES THAT GOVERNMENT IS PREPARED TO MAKE SERIOUS EFFORT TO ATTRACT FOREIGN PRIVATE INVESTMENT WHICH IT HOPES WILL SUPPLEMENT LARGE INFLOWS OF ECONOMIC ASSISTANCE FROM ARAB AND OTHER DONORS THAT IT IS ALSO WORKING HARD TO OBTAIN. THUS, FOREIGN PRIVATE INVESTMENT, TOGETHER WITH FOREIGN ECONOMIC ASSISTANCE, CAN BECOME MAJOR SOURCE OF FINANCING OF SUDAN'S AMBITIOUS ECONOMIC DEVELOPMENT PROGRAM.
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